Form (2)

Sr. No 1719
Dated 4.2.2011

The Myanmar Investment Commission

PERMIT

Permit No. 458 / 2011

Date 4th FEBRUARY, 2011

The Myanmar Investment Commission issues this Permit under Section 10 of the Union of Myanmar Foreign Investment Law-

(a) Name of Promoter MR. LEE HAE RYONG

(b) Citizenship KOREAN

(c) Address DAEDONG APT # 507-604, 1288, JWA-DONG, HAEUNDAE-GU, BUSAN, REPUBLIC OF KOREA

(d) Name and Address of principal organization INLAY LIMITED, 1486,BANYEO-DONG, HAEUNDAE-GU, BUSAN, REPUBLIC OF KOREA

(e) Place of incorporation REPUBLIC OF KOREA

(f) Type of business in which investment is to be made MANUFACTURING OF SHOES AND ITS PARTS ON CMP BASIS

(g) Place(s) at which investment is permitted PLOT NO. C-5 AND C-6, MINGALADON INDUSTRIAL PARK, MINGALADON TOWNSHIP, YANGON REGION

(h) Amount of foreign capital US $ 10 MILLION

(i) Period for bringing in foreign capital WITHIN 18 MONTHS FROM THE DATE OF PERMISSION

(j) Total amount of capital (Kyat) EQUIVALENT IN KYAT OF US$ 10 MILLION

(k) Permitted duration of investment 37 YEARS

(l) Name of the economic organization to be formed in Myanmar MYANMAR DYC COMPANY LIMITED

Chairman

The Myanmar Investment Commission

မြန်မာနိုင်ငံ ရင်းနှီးမြှုပ်နှံမှု ကော်မရှင်

ခွင့်ပြုမိန့်

ခွင့်ပြုမိန့်အမှတ် ၄၅၈/ ၂၀၁၁ ၂၀၁၁ခုနှစ်၊ ဖေဖော်ဝါရီလ ၄ ရက်

ပြည်ထောင်စု မြန်မာနိုင်ငံတော် နိုင်ငံခြား ရင်းနှီးမြှုပ်နှံမှု ဥပဒေ ပုဒ်မ (၁၀) အရ ဤခွင့်ပြုမိန့်ကို မြန်မာနိုင်ငံ ရင်းနှီးမြှုပ်နှံမှု ကော်မရှင်က ထုတ်ပေးလိုက်သည်-

(က) ကမကထပြုသူ၏အမည် MR. LEE HAE RYONG

(ခ) မည်သည့် နိုင်ငံသား KOREAN

(ဂ) နေရပ်လိပ်စာ DAEDONG APT # 507-604, 1288, JWA-DONG, HAEUNDAE-GU, BUSAN, REPUBLIC OF KOREA.

(ဃ) ပင်မအဖွဲ့အစည်းအမည်နှင့် လိပ်စာ INLAY LIMITED 1486, BANYEO-DONG, HAEUNDAE-GU, BUSAN, REPUBLIC OF KOREA

(င) ဖွဲ့စည်းရာအရပ် REPUBLIC OF KOREA

(စ) ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်မည့်လုပ်ငန်းအမျိုးအစား CMP စနစ်ဖြင့် ရှူးဖိနပ် နှင့် ဖိနပ်အစိတ်အပိုင်းများ ထုတ်လုပ်ခြင်းလုပ်ငန်း

(ဆ) ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်ခွင့်ပြုသည့်အရပ်ဒေသ(များ) အကွက်အမှတ် စီ-၅ နှင့် စီ-၆၊ မင်္ဂလာဒုံ စက်မှုဇုန်၊ မင်္ဂလာဒုံ မြို့နယ်၊ ရန်ကုန်တိုင်းဒေသကြီး

(ဇ) နိုင်ငံခြားမတည်ငွေရင်း အမေရိကန်ဒေါ်လာ ၁၀ သန်း

(ဈ) နိုင်ငံခြားမတည်ငွေရင်းယူဆောင်လာရမည့်ကာလ ခွင့်ပြုမိန့် ရရှိပြီးနောက် (၁၈)လအတွင်း

(ည) စုစုပေါင်း မတည်ငွေရင်းပမာဏ(ကျပ်) အမေရိကန်ဒေါ်လာ ၁၀ သန်း နှင့် ညီမျှသော မြန်မာကျပ်ငွေ

(ဋ) ရင်းနှီးမြှုပ်နှံခွင့်ပြုသည့် သက်တမ်း ၃၇ နှစ်

(ဌ) မြန်မာနိုင်ငံတွင် ဖွဲ့စည်းမည့် စီးပွားရေး အဖွဲ့အစည်းအမည် MYANMAR DYC COMPANY LIMITED

ဥက္ကဋ္ဌ

မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှု ကော်မရှင်

THE UNION OF MYANMAR

MYANMAR INVESTMENT COMMISSION

Building No.(32), Nay Pyi Taw

Our ref : Ya Ka-1/Na- 638/ 2011 (1719)
Dated : 4th February 2011.

Tel: 067-406334,406075
Fax: 95-67-406333

Subject : Decision of the Myanmar Investment Commission on the Proposal for "Manufacturing of Shoes and its parts on CMP Basis" with under the name of "Myanmar DYC Company Limited."

Reference: Ministry of Construction Letter No.26/Khwe -3/2010(Si 9281) dated (15-12-2010)

1. The Myanmar Investment Commission, at its meeting (43/2010) held on (24-12-2010) and the Trade Council, at its meeting (1/2011) (12-1-2011) had reviewed the proposal for investment in "Manufacturing of Shoes and its parts on CMP Basis" under the name of "Myanmar DYC Company Limited" submitted by Inlay Ltd. from the Republic of Korea as a wholly foreign owned investment. After careful review, it was deliberated that the proposed project be approved in principle for implementation and the proposal be submitted to the Cabinet meeting for final approval.

2. The Cabinet, at its meeting (3 /2011) held on (20 -1-2011), had resolved to permit the implementation of the said project. Hence, the "Permit" is herewith issued in accordance with Chapter VI, Section 10 of the Union of Myanmar Foreign Investment Law and Chapter VI, Rule 13 of the Procedures relating to the said Law. Terms and conditions to the "Permit" are stated in the following paragraphs.

3. The permitted duration of the project shall be 37(Thirty Seven) years commencing from the issuing date of Physical Delivery Receipt ending on the date 7th February,2048 pursuant to Sub-Lease Agreement Chapter 1.1. Myanmar DYC Company Limited agrees to stop operations immediately and remove all Myanmar DYC Company Limited's properties within 30(Thirty) days from the date of termination and return the Land to the Mingaladon Industrial Park Co., Ltd. in good condition mentioned as in Sub-Lease Agreement Chapter 9.

4. Myanmar DYC Company Limited shall provide Land Use Premium to the amount of US $ 1,350,270.25 (United States Dollar One Million Three Hundred and Fifty Thousand Two Hundred Seventy and Twenty Five cent Only) in favour of Mingaladon Industrial Park Co., Ltd. in three instalments as follow:

(a) The first instalment of 10% (Ten) percent of the Land Use Premium amounting to US $ 135,027.02 (United States Dollar One Hundred and Thirty Five Thousand Twenty Seven and Two cent Only) shall be paid on the date of signing of Sub-Lease Agreement.

(b) The second instalment of 50% (Fifty) percent of the Land Use Premium amounting to US $ 675,135.13(United States Dollar Six Hundred and Seventy Five Thousand One Hundred Thirty Five and Thirteen cent Only) shall be paid to the Mingaladon Industrial Co.,Ltd. failing which Mingaladon Industrial Co., Ltd. shall have the right to terminate the Sub-Lease Agreement at its own discretion and first instalment shall be forfeited.

(c) The final instalment of 40% (Forty) percent of the Land Use Premium amounting to US $ 540,108.10 (United States Dollar Five Hundred and Forty Thousand One Hundred Eight and Ten cent Only) shall be paid to the Mingaladon Industrial Co., Ltd. by the Myanmar DYC Company Limited either within 4(Four) months after signing of the Agreement or upon the Mingaladon Industrial Co., Ltd's issuing of the Receipt whichever comes earlier, failing which the Mingaladon Industrial Co., Ltd. shall have the right to terminate the Sub-Lease Agreement at its own discretion and the first instalment and the second instalment shall be forfeited.

5. Myanmar DYC Company Limited shall pay the annual land rent on yearly basis at the rate of US$ 0.30(United States Dollar Thirty cent Only) per square meter to the amount of US $ 11,573.75(United States Dollar Eleven Thousand Five Hundred Seventy Three and Seventy Five cents Only) as well as Management Fees and Utility Charges to be paid in accordance with the estate conditions of the Mingaladon Industrial Park . The Land shall be reviewed every 5(Five) years and the increase of the rent shall not be more than 15%(Fifteen) percent of the previous rate.

6. Myanmar DYC Company Limited shall provide a security deposit to the amount of US $ 11,573.75 (United States Dollar Eleven Thousand Five Hundred Seventy Three and Seventy Five cent Only) to Mingaladon Industrial Park Co., Ltd. on the date of the signing of Sub-Lease Agreement.

7. In issuing this "Permit," the Commission has granted , amongst the followings, exemptions and reliefs as per Section 21(a) (i) and (j) of the Union of Myanmar Foreign Investment Law. Other exemptions and reliefs under Section (21) shall have to be applied upon the actual performance of the project.

(a) As per section-21(a), exemption from income tax up to 36(Thirty six) consecutive months starting from the month of commencement of commercial operation;

(b) As per section-21(b), exemption from income tax on profits of the business if they are maintained in a reserve fund and re-invested there in within one year after the reserve is made;

(c) As per section-21(c), right to accelerate depreciation in respect of machinery, equipment, building or other capital assets used in the business to the extent of the original value for the purpose of income-tax assessment;

(d) As per section-21(d),relief from income tax up to 50 percent on profits accrued from exports, following 36(Thirty six) consecutive months tax holiday period;

(e) As per section-21(e), right to pay income-tax payable to the State on behalf of foreigners who have come from abroad and are employed in the enterprise and the right to deduct such payment from the assessable income;

(f) As per section-21(f), right to pay income-tax on the income of the above-mentioned foreigners at the rates applicable to the citizens residing within the country;

(g) As per section-21(g), right to deduct from the assessable income such expense incurred in respect of research and development relating to the enterprise which are actually required and are carried out within the State, only after 3 years tax holiday period;

(h) As per section-21(h), right to carry forward and set-off up to three consecutive years from the year the loss is sustained following the enjoyment of exemption from income-tax, in accordance with Section-4 of the Income Tax Amendment Law, 1991;

(i) As per section-21(i), exemption from customs duty and all other internal taxes on machinery, equipment, instruments, machinery components, spare parts and materials used in the business, which are imported as they are actually required for use during the period of construction;

(j) As per section-21(j), exemption from customs duty and all other internal taxes on such raw materials which are actually required for operation of the business shall be granted within three years of commercial operation following the period of construction. However, such imports shall be subject to the approval endorsed by the Ministry of Construction.

8. Inlay Limited shall have to sign the Sub-Lease Agreement with the Mingaladon Industrial Park Co., Ltd. After signing such Agreement, (5) copies each of those shall have to be forwarded to the Commission.

9. Myanmar DYC Company Limited in consultation with the Department of Company Registration, Directorate of Investment and Company Administration shall have to be registered. After registration, (5) copies each of Certificate of Incorporation and Memorandum and Articles of Association shall have to be forwarded to the Commission.

10. Myanmar DYC Company Limited shall use its best efforts for timely realization of works stated in the Proposal. If none of such works has been commenced within one year from the date of issue of this "Permit", it shall become null and void.

11. The official date of commercial operation shall be reported to the Commission.

12. Myanmar DYC Company Limited shall endeavour to meet the targets for production and export stated in the proposal as the minimum target.

13. The Commission approves periodical appointments of foreign experts and technicians from abroad as per proposal. Myanmar DYC Company Limited shall have to consult with Directorate of Labour, Ministry of Labour for appointment of such foreign experts and technicians.

14. In order to evaluate foreign capital in terms of Kyats and for the purpose of its registration in accordance with the provision under Section-24 of the Union of Myanmar Foreign Investment Law, it is compulsory to report as early as possible in the following manner:-

(a) the amount of foreign currency brought into Myanmar, attached with the necessary documents issued by the respective bank where the account is opened;

(b) the detailed lists of the type and value of foreign capital defined under Section - 2 (h) of the said Law, other than foreign currency, to the Chairman, Foreign Capital Evaluation Committee.

15. Whenever Myanmar DYC Company Limited brings in foreign capital defined under Section-2(h) of the said Law, other than foreign currency in the manner stated in paragraph 14(b) mentioned above, the Inspection Certificate endorsed and issued by an internationally recognized Inspection Firm with regard to quantity, quality and price of imported materials shall have to be attached.

16. After all types of foreign capital (foreign currency and other types of foreign capital) have been brought into Myanmar, a report shall have to be submitted to the Commission as prescribed, vide letter No. Na-Ya 9/101/92(416) dated 3-12-92 [Annexure (1)]

17. Myanmar DYC Company Limited shall report to the Commission for any alteration in the physical and financial plan of the project. Cost overrun, over and above the investment amount pledged in both local and foreign currency shall have to be reported as early as possible.

18. Myanmar DYC Company Limited shall be responsible for the preservation of the environment at and around the area of the project site. Hence, it shall observe the directive issued by the Commission vide letter No. Ya Ka-1/139/94(0440) dated 30-6-94[Annexure(2)] to undertake all proper treatment systems and other necessary environmental control systems.

19. Payment of principal and interest of the loan(if any) as well as payment for import of raw materials and spare parts etc. shall only be made out of the official foreign exchange earnings of Myanmar DYC Company Limited.

20. Myanmar DYC Company Limited in consultation with Myanma Insurance, shall effect such types of insurance defined under Chapter VIII, Rule 15 of the Procedures relating to the Union of Myanmar Foreign Investment Law.

(Maung Maung Thein)
Chairman

Mr.Lee Hae Ryong
Inlay Limited

C/O Director General
Department of Human Settlement and Housing Development

cc:
1. Office of the Chairman of State Peace and Development Council
2. Office of the State Peace and Development Council
3. Office of the Government of the Union of Myanmar
4. Ministry of National Planning and Economic Development
5. Ministry of Finance and Revenue
6. Ministry of Commerce
7. Ministry of Construction
8. Ministry of Foreign Affairs
9. Ministry of Home Affairs
10. Ministry of Immigration and Population
11. Ministry of Labour
12. Ministry of Electric Power No.(2)
13. Chairman, Foreign Capital Evaluation Committee
14. Director General, Directorate of Investment and Company Administration
15. Director General, Customs Department
16. Director General, Internal Revenue Department
17. Managing Director, Myanma Foreign Trade Bank
18. Managing Director, Myanma Investment and Commercial Bank
19. Managing Director, Myanma Insurance
20. Managing Director, Myanma Electric Power Enterprise
21. Director General, Directorate of Trade
22. Director General, Immigration and National Registration Department
23. Director General, Directorate of Labour
24. Chairman, Union of Myanmar Federation of Chambers of Commerce and Industry(UMFCCI)